

Michigan Historical Center Foundation

Minutes

November 7, 2007 – Board Meeting
Michigan Library – Lake Erie Room
Lansing, MI

Present: Patricia Merritt, Paul Drake, Ed Surovell, Jack Dempsey, Arlene Sierra, John Axe, George Meyer, Doug Roberts, Deborah Muchmore, Andrew Richner, William Anderson, Sandra Clark (Director, Michigan Historical Center) and Patricia Clark (Michigan Historical Center Foundation).

Absent: Nancy Danhof, Jim Wardlaw, Mary Meade Fueger, Bill Rands, Randy Ragsdale, Mickey Briggs, Mark Gaffney, Joe Schwarz, Bus Spaniola.

Board Chair Patrice Merritt called the meeting to order at 10:08 a.m. and welcomed Board members noting that this is her first Board meeting as Chair.

Business Meeting

Approval of Minutes: A motion was made by John Axe to accept the minutes of September 18, 2007, Board meeting as presented. The motion was supported by Arlene Sierra and carried unanimously.

Financial Report: Pat Clark reported on the monthly financials for September 2007. Patrice Merritt pointed out that the October Financial Report was not available, as the staff has been working on preparation for the Jingle Ball. A motion was made by John Axe to accept the September 2007 financial report as submitted. The motion was supported by Ed Surovell and carried unanimously.

Discussion of Fiduciary Management Procedures: Patrice Merritt discussed new accounting rules for nonprofit organizations, noting that auditors and other nonprofit watchdogs are looking more closely at organizational procedures related to money handling. Compliance with Sarbannes-Oxley requirements compels directors to exercise serious fiduciary responsibility.

October 2007 Financial Report Discussion: Pat Clark informed the directors that the Fiscal Year End Audit Report would be tabled until after the Jingle Ball on November 17, 2007, to include revenues generated from the annual fundraising event. Clark then previewed highlights of the October Financial Report. She indicated the 2007/2008 Budget is projected to be slightly higher due to the cost of the integration and support for Financial Edge software. She also mentioned there is great progress being made with the Financial Edge program. Axe noted that retained earnings have not changed. Clark confirmed.

Dempsey asked who conducts the Foundation audit and under what authority. Pat Clark said the Lansing accounting firm of Fairchild Lebel & Rice has served as MHCF accountant for 4 years. The Foundation's audit will be conducted November 28 – 30. The process includes a review of all financial statements, grants, expenses, income, all other related documentation, followed by the preparation of the Foundation's 990 Form, which is required by granting agencies, license to solicit requirements, etc.

Dempsey asked whether any thought had been given to *Charity Navigator* requirements to assist in raising the profile of the MHCF. Merritt responded that the MHCF had not yet, but that it should consider this in the coming months, as donors look to *Charity Navigator* to assess charitable giving organizations.

Action: Auditor Tim Lebel will report the annual audit to directors at the February 13, 2008 Board meeting.

Approval of Proposed Budget 2007-2008: Patrice Merritt reminded directors that the 2007-2008 Proposed Budget was tabled to the November 7, 2007 board meeting to include the additional \$1,000 approved for the Docents. A motion was made by Deb Muchmore to accept the 2007-2008 Budget as revised. The motion was supported by Ed Surovell and carried unanimously.

Approval of Bylaw Amendment: Patrice Merritt presented two bylaw amendments, including a) extension of the MHCF chair term to two years from the current one year term, and b) addition of anti-discrimination, conflict of interest and whistleblower policies.

Surovell asked whether the Foundation could deal with the latter policies via existing statutes, rather than incorporating specific policies into bylaws. Richner and Axe agreed these policies are covered elsewhere in statutes, but indicated redundancy may be prudent.

A motion was made by Ed Surovell to amend bylaw language to reflect the gender-neutral “chair”. The motion was supported by John Axe and carried unanimously.

A motion by John Axe to approve the bylaw change for extending the term of the chair to two years from one. The motion was supported by Doug Roberts. Motion to approve extension of the chair term to two years from one was approved. Dempsey abstained.

Discussion on the Michigan Tax Credit: Patrice Merritt introduced Nicholas Bozen, attorney for HAL, to discuss the Michigan Tax Credit and address questions from the Board regarding possible inclusion of the Foundation among organizations covered by the credit. The Foundation has interest in being covered by the tax credit as a donor benefit. Bozen indicated that a technical correction to Sections I and J of the tax credit statute — deleting the word “State” and inserting “Department of History, Arts and Libraries”— is needed to make clear that donations coming to the archives and other HAL related entities come through HAL, and not the Secretary of State. Senator Patricia Birkholz has committed to introduce a bill to make this amendment. Once the bill is introduced, the Foundation could seek to amend it in committee to make gifts to the Foundation also eligible for the credit.

There was discussion on possible alternatives to the legislative approach, including:

- Contact Department of Treasury -- efficient, expedient (30 – 60 days for response). Treasury may say ‘no’ as general funds continue to suffer.
- Contact Attorney General – slower process.

Doug Roberts asked whether the effort is warranted, as the amount of extra money to be collected is nominal, and the credit was beneficial primarily as a PR initiative. He suggested the effort be expanded to coalesce all nonprofits, but that the effort would still be politically challenging.

John Axe recommended the proposed language be more generic to ensure the credit covers the Center, even if the Center is moved under another department as it was when it was moved the HAL from Department of State. Ed Surovell indicated the Historical Society would support the language reading more broadly.

Deb Muchmore moved (informal) at discretion of chair, that Dempsey pursue contact within Treasury for determination of how Treasury might rule. Motion supported by Ed Surovell and carried unanimously.

Action: Dempsey to contact Treasury Department for determination.

Information Agenda

Board Meetings: Patrice Merritt advised the board that only board members and MHCF director would attend board meetings to ensure staff time management, and to provide a board meeting environment conducive to discussion candor. Staff and other guests will be welcome and invited as appropriate.

Development Office Update

Kellogg Grant

Pat Clark said the Kellogg Foundation has approved year 2 of 3 funding of a grant received by the Foundation in 2006 (\$165K), following the Foundation's required report to Kellogg of compliance with year 1 grant criteria. The grant is being paid to the Foundation as follows: \$65K (2006), \$55K (2007), \$45K (2008).

As specified in the grant, the Foundation will engage outside development counsel in 2007/2008 to assist with a fundraising capacity review and development plan. The grant provides for \$35K for outside counsel assistance. Muchmore suggested the Foundation explore flexibility for using monies currently delineated in the grant for capacity studies only for capacity and development plan creation.

Action: Patrice Merritt, Deb Muchmore and Pat Clark will complete interviews of potential development counselors and obtain proposals. Merritt will convene the Executive Committee to consider possible candidates and bring finalists to the board at the February 2008 meeting. The goal is to have the development counsel commence work in the first quarter of 2008.

Jingle Ball (Nov. 17)

Pat Clark indicated reservations stood at 160; sponsorships at \$43,250 of \$50K goal; strong in kind support. WLNS TV 6 produced a promotion ad, playing in key state markets on Comcast and Lansing CBS affiliate, as well as on radio. Proceeds of the event will benefit the Center's history education programs.

Patrice Merritt discussed the presentation of the Odyssey Outstanding Michigan History Teacher Awards in October, indicating the awards were well received by the teachers and their schools. There was good media coverage of both. Acknowledge Casey Warner, HAL Communications, for her help in making the effort a success.

Fall gift appeal

Clark indicated 3,200 letters for the appeal had been sent with Front & Center newsletter, bringing in \$5,000 to date.

Projects

Iron Industry Museum — Pat Clark and Sandra Clark met with mining company Cleveland Cliffs (CCI) in September, making a request for \$100K support. CCI is requesting Mather Foundation support. An early 2008 response is anticipated. CCI is interested in Phase 3 of the Iron Industry Museum effort, and a possible endowment campaign for long-term support of the museum.

Walker Tavern — A strong volunteer effort is underway to restore the Tavern. The Foundation is working with the group for development efforts. A grant from the Lenawee United Way of \$985 has been secured. A Consumers Power Foundation request is pending.

Heritage Road/Preserve America — The Foundation will be meeting with local community foundations and southwest Michigan convention and visitors bureaus.

Docent Dinner - December 5, 2007 in Lansing, 5:30, all are invited to attend.

Michigan Historical Center Update

Sandra Clark announced the Center's budget was left in tact with regard to operating Funds.

Phil Kwiatkowski will design a mini challenge grant that will be applied for by staff requesting use of the Michigan history Education Fund. Part of the criteria will be the ability to use fund money as seed money for programs that will be self-supporting in the future. All Michigan History Education Fund money supports the Center's history education programs, and the money is restricted for that purpose. In the future, she would like the money to only be used to grow, rather than sustain, programs.

Sandra reported that Nancy Danhof was very supportive of the Center's effort to retain Michigan history as a fourth grade subject in the Board of Education's new Social Studies Grade Level Content Standards. A committee had recommended that Michigan history through statehood be taught in the third grade and that it be completely dropped from the fourth grade. The third grade requirement remained, but thanks to Danhof's leadership, post statehood Michigan history was added to the fourth grade. Deb Muchmore asked that the record reflect our appreciation to Nancy for her action.

The Center must realign teaching programs; improve materials for teachers to coordinate classroom requirements to accommodate the state guidelines.

The move of the museum collections is going forward. Changes required by the Lansing Fire Marshall made the process more complicated, but the collections are secure and will soon be on their new shelves. The coming year will require moving archival and museum collections temporarily so the Michigan Library and Historical Center roof repair can be completed. The Center will also have to move its Records Management Center to make way for a Department of Military and Veterans Affairs project.

Senator George is drafting legislation to provide dedicated funding for historic preservation. The legislation, advocated by the Michigan Historic Preservation Network, would support additional staff to expand Michigan's use of federal historic preservation tax credits as well as grants to non-profit and government organizations to conduct preservation work.

Phil and Sandra met with the Michigan Iron Industry Board in a planning session focused on public programs, education, and establishing membership and volunteer programs. The museum began offering pre-school programs this summer. Phil and Sandra also met with MDOT representatives involved in funding the road and trails system. Construction will begin in 2008.

Reporting on the need for Cultural Stewardship, Sandra said that HAL will embrace the PURE MICHIGAN campaign and in order to illustrate that program, a DVD was shown, prepared by the firm McCann Erickson and tailored to meet the needs of the Department of History, Arts and Libraries. The theme "Michigan's Storyteller" was embraced by the Board. HAL is working on ways to make the video useable in public presentations.

New Business

Arlene Sierra requested that the minutes reflect the Board's appreciation of the Foundation and Center staff in preparing and presenting at the Board meetings and strongly acknowledges their contributions. The Board looks forward to future presentations by the Center staff and wholeheartedly recognizes the important work they do in sustaining and telling the story of Michigan History.

Patrice Merritt ended by wishing everyone the best during the Holidays.

A post-board meeting luncheon was held in honor of Odyssey award winner Tom Truscott.

Next meeting: February 13, 2008

Respectfully submitted,

Arlene Sierra, Board Secretary
Recorded by Deb Muchmore